

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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DIV. OF OIL, GAS & MINING

SMALL MINING OPERATIONS 2006 PROGRESS REPORT
January 1, 2006 to December 31, 2006

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

1. Mine Permit Number: 5230088
2. Mine Name: BLACK DESERT MINE
3. Name of Operator/Permittee: BLACK DESERT MINING LLC

Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention.

4. Mine Location: JUAB COUNTY
5. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material:

Gross Ore Mined 1800 Tons, or yd³
Waste Material Moved Tons, or 3500 yd³
New Disturbance 3 Acres during 2006
Area Reclaimed 0 Acres during 2006
Total Disturbed Area 3 Acres*

Was the ore shipped off site? If not, where is the ore located? NO, THE ORE IS STOCKPILED ON PAD NEAR BOTTOM OF DISTURBED AREA.

Where is the waste located? TO THE SIDE OF DISTURBED AREA

*Total life of mine disturbance to the end of 2006.

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release).

OTHER THAN STOCKPILE OF OVERBURDEN & TOPSOIL
NO OTHER RECLAMATION ACTIVITIES HAVE TAKEN
PLACE.

I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): BLACK DESERT MINING LLC, STEVE YOUNG
Title of Operator: MANAGER MEMBER
Signature of Operator: [Signature]
Date: JAN 30, 2007